

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

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TO SECSTATE WASHDC 1954

C O N F I D E N T I A L GUATEMALA 0581

E.O. 11652: GDS

TAGS: PINT PINS ELAB GT

SUBJECT: ILLEGAL STRIKE ERUPTS AT SOCIAL SECURITY INSTITUTE;
GOG WARNS UNION TO BACK OFF

REF: A-12

SUMMARY: PROGRESSSIVE STRIKE AT SOCIAL SECURITY INSTITUTE IS CAUSING CONSIDERABLE UNREST. UNION IS DEMANDING EXTRAORDINARY WAGE INCREASE TO COMPENSATE WORKERS FOR INFLATION-CAUSED LOSSES IN PURCHASING POWER. UNION AT GOG-OWNED ELECTRIC COMPANY AND WORKERS AT MINISTRY OF HEALTH'S ROOSEVELT HOSPITAL ALSO THREATENING TO STRIKE TO PRESS WAGE DEMANDS. GOG FIRST REACTED TO STRIKE AT SOCIAL SECURITY INSTITUTE BY OFFERING MODEST WAGE INCREASE AND EMPHASIZING ILLEGALITY OF STRIKE. THIS TACK PRODUCED NO EFFECT. MONDAY NIGHT GOVERNMENT BEGAN NEW APPROACH, WARNING WORKERS TO RETURN TO THEIR JOBS IN COMMUNIQUE WHICH CONNECTED STRIKE TO ALLEGED SUBVERSIVE POLITICAL PLANS TO DISRUPT ELECTION. THIS STRIKE IN CONNECTION WITH OTHER PENDING LABOR PROBLEMS (A-12) COULD CAUSE GOVERNMENT TO TAKE STEPS WHICH MIGHT DISRUPT ELECTORAL PROCESS. GOVERNMENT ATTITUDE WILL CONTINUE TO BE LARGELY AFFECTED BY ITS ESTIMATION
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OF LAUGERUD'S ELECTION CHANCES. END SUMMARY.

1. ON JANUARY 21, 5,000 WORKERS AT SOCIAL SECURITY INSTITUTE (IGSS) INITIATED PROGRESSIVE ILLEGAL STRIKE TO PRESS DEMAND FOR EXTRAORDINARY WAGE INCREASES TO RECOUP INFLATION-CAUSED LOSSES IN PURCHASING POWER. STRIKE, WHICH BEGAN WITH 2-HOUR WORK STOPPAGES, HAS NOW ESCALATED TO PARALYZE ALL BUT EMERGENCY HEALTH SERVICES AT IGSS FACILITIES. UNION (STIGSS) DEMANDED SLIDING SCALES OF PERCENTAGE INCREASES (RANGING FROM 60 PERCENT AT LOWEST WAGE LEVELS TO 30 PERCENT AT HIGHEST) WHILE IGSS HAS OFFERED 10 PERCENT FOR THOSE BELOW \$300 A MONTH AND 5 PERCENT FOR REST. IGSS AND GOG (BACKED UP BY PRIVATE ENTERPRISE GROUPS) ASSERT WAGE INCREASE DEMANDED BY UNION WOULD REQUIRE INCREASE IN IGSS TAXES. STIGSS MAINTAINS THAT PAYMENT OF SUBSTANTIAL ARREARS OF IGSS TAXES BY GOG WOULD READILY PAY HIGHER WAGES. UNION ALSO CLAIMS ITS DEMANDS WILL ADD \$3 MILLION TO IGSS'S \$11 MILLION WAGE COSTS. GOG CLAIMS DEMANDS WILL COST \$5 MILLION AND OFFERED INCREASES AMOUNTING TO \$800,000.

2. STIGSS, WHICH IS NOMINALLY IN GOG CAMP POLITICALLY, HAS BEEN BACKED UP BY BULK OF TRADE UNION MOVEMENT UNITED IN ANTI-GOG NATIONAL COUNCIL FOR TRADE UNION CONSULTATION (CNCS).

3. IGSS DISPUTE HAS BEEN ACCOMPANIED BY THREAT OF SIMILAR PROBLEM AT GOG-OWNED EMPRESA ELECTRICA (ELECTRIC DISTRIBUTION COMPANY FOR GUATEMALA CITY AREA) AND AT HEALTH MINISTRY'S ROOSEVELT HOSPITAL IN CAPITAL. IN BOTH OF THESE DISPUTES, WORKERS ARE DEMANDING SPECIAL WAGE INCREASES TO OFFSET INFLATION. WORK STOPPAGES HERE WOULD AFFECT ESSENTIAL PUBLIC SERVICES AND INCREASE TENSION CAUSED BY IGSS STRIKE.

4. GOG RESPONDED TO SITUATION AT IGSS BY INSISTING ON ILLEGALITY OF STRIKE AND ATTEMPTING TO INDUCE WORKERS TO ACCEPT MODEST WAGE INCREASE, BUT THIS TACK HAS PROVED UNSUCCESSFUL THUS FAR. AFTER CABINET MEETING YESTERDAY, GOG BROADCAST COMMUNIQUE WHICH ASSERTED CONFIDENTIAL

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THAT SERIES OF ILLEGAL STRIKES WAS INTEGRAL PART OF PLAN INSPIRED BY "REMNANTS OF GUERRILLAS AND THE PGT, BY EXTREMISTS INFILTRATED INTO THE MUNICIPALITY OF GUATEMALA, THE UNIVERSITY AND UNIONS TO FRUSTRATE NORMAL DEVELOPMENT OF THE ELECTORAL PROCESS. COMMUNIQUE ASSERTED THAT EXTREMIST GROUPS CANNOT ALLOW NORMAL ELECTIONS TO TAKE PLACE SINCE ELECTIONS WOULD ONLY PROVE THEIR UNIMPORTANCE, AND

WARNED THAT GOVERNMENT WILL "USE THE MEANS GIVEN IT BY LAW AND WHATEVER FORCE IS NECESSARY TO CRUSH THIS SUBVERSION AND PUNISH THOSE RESPONSIBLE." THE COMMUNIQUE ENDED BY ASSURING THAT "OPPOSITION PARTIES AND THEIR SYMPATHIZERS" CAN CONTINUE THE ELECTORAL CAMPAIGN, BUT WARNED THAT ILLEGAL STRIKES MUST CEASE.

5. MORNING OF JANUARY 29, IGSS OUTPATIENT SERVICES REMAINED CLOSED ALTHOUGH CENTERS FOR EMERGENCY SERVICES WERE OPEN. THE PRESS REPORTED THAT MINISTER OF LABOR WOULD HOLD PRESS CONFERENCE ON GOG POSITION REGARDING LABOR DISPUTES.

6. COMMENT: THIS SERIES OF ILLEGAL STRIKES, WHICH BEGAN IN EARLY JANUARY WITH DISPUTE AT NATIONAL RAILWAY (SEE GUATEMALA 83 AND A-12), HAS PUT INCREASING PRESSURE ON GOG AND ADDED DISQUIETING ELEMENTS TO POLITICAL CLIMATE. ALTHOUGH THE VARIOUS UNION DEMANDS CAN BE EXPLAINED IN PART BY 1973'S INFLATION AND THUS CONSTITUTE GENUINE TRADE UNION ISSUES, THE CONCURRENCE OF SO MANY DEMANDS BACKED UP BY ILLEGAL STRIKES JUST BEFORE THE ELECTIONS SUGGESTS SOME POLITICAL MOTIVATION. THE GOG ASSERTION THAT DISPUTES INSPIRED BY SUBVERSIVE PLOT TO DISRUPT ELECTIONS IS FARFETCHED, BUT SOME OPPOSITION FIGURES MAY WELL BE ENCOURAGING THE UNIONS BEHIND THE SCENES. AT FIRST GLANCE, THE DISPUTES WOULD APPEAR TO BENEFIT OPPOSITION AND HURT GOG. HOWEVER, CREATION OF TENSE POLITICAL CLIMATE BY THESE DISPUTES GIVES ENCOURAGEMENT TO ELEMENTS IN GOG INCLINED TO STOP OPPOSITION VICTORY AT ALL COST. ILLEGAL STRIKES AFFECTING ESSENTIAL PUBLIC SERVICES COULD INDEED PROVIDE PRETEXT FOR

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CANCELLING OR POSTPONING ELECTIONS. GOG'S ATTITUDE IN THIS WILL BE AFFECTED LARGELY BY ITS ESTIMATE OF LAUGERUD'S CHANCES FOR VICTORY. WHILE CIVILIAN LEADERS HAVE BEEN MORE OPTIMISTIC ABOUT LAUGERUD'S PROSPECTS IN RECENT WEEKS, MILITARY LEADERS ARE INCREASINGLY UPSET BY TENSIONS RESULTING FROM LABOR UNREST.

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